DOCUMENT RESUME

ED 338 199 HE 025 042

TITLE	Analysis of the 1991-92 Governor's Budget. A Staff Report to the California Postsecondary Education Commission.
INSTITUTION	California State Postsecondary Education Commission, Sacramento.
REPORT NO	CPEC-R-91-3
PUB DATE	Mar 91
NOTE	28p.
AVAILABLE FROM	California Postsecondary Education Commission, 1020 Twelfth Street, Third Floor, Sacramento, CA 98514-3985 (free).
PUB TYPE	Reports - General (140)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	*Budgeting; Comparative Analysis; Data Analysis; *Educational Finance; *Educational Planning; Financial Policy; Full State Funding; Higher Education; Long Range Planning; Postsecondary Education; State Legislation; Trend Analysis
IDENTIFIERS	California State Postsecondary Education Comm; California State University; University of California

ABSTRACT

This report presents an analysis of the Governor's proposed State budget for fiscal year 1991-92. The analysis provides: (1) a discussion of major budget issues facing the Governor and the Legislature in constructing the 1991-92 State budget; (2) a brief overview of the Governor's proposed funding priorities; and (3) an analysis of the key policy issues facing higher education. These issues include student fees and financial aid, long-range planning for enrollment, community college reform, and the impact of the proposed budget on the State's Master Plan for Higher Education. The analysis also includes a summary of the findings and recommendations of the Legislative Analyst's report on the 1991-92 budget and postsecondary education proposals for capital outlay projects for the 1991-92 fiscal year. Appendices include specific data relevant to the Governor's budget such as summaries of actual budgets for recent years and proposed budgets for 1991-92 of California's segments and institutions of higher education, and student costs of attending the University of California and the California State University in comparison with similar public institutions within the United States. (GLR)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

PERMISSION TO REPRODUCE THIS
MATERIAL HAS BEEN GRANTED BY

California Post-
Secondary Education
Commission

TO THE EDUCATIONAL RESOURCES
INFORMATION CENTER (ERIC)."

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)

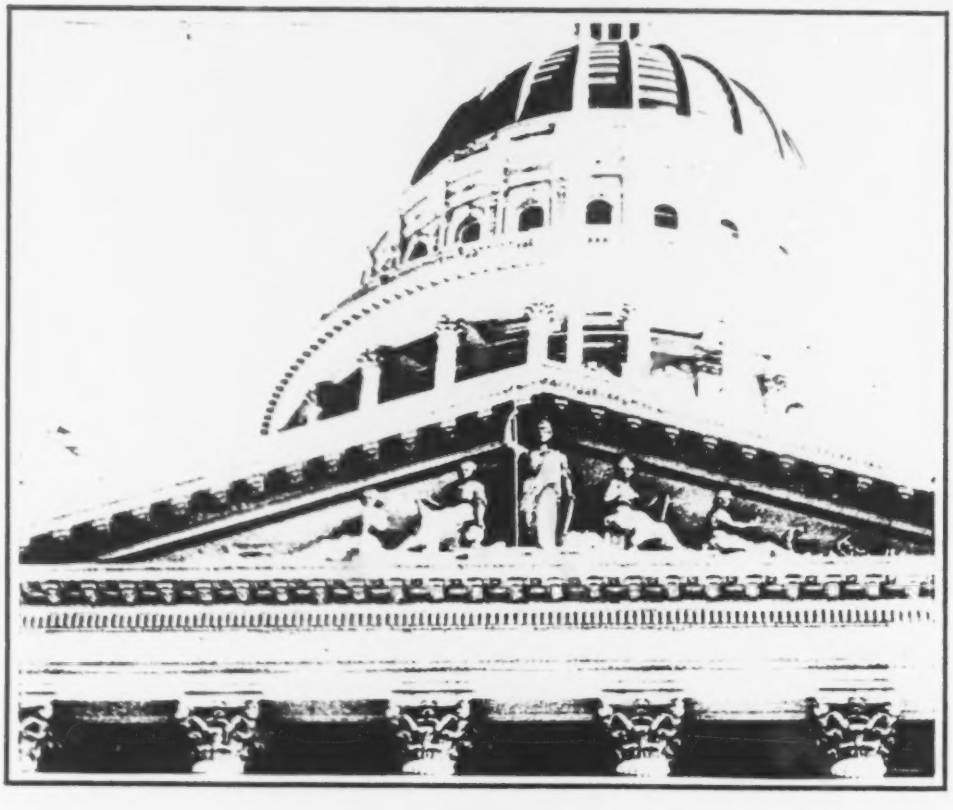
X This document has been reproduced as received from the person or organization originating it.

Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

ED 336199

ANALYSIS OF THE 1991-92 GOVERNOR'S BUDGET



CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

HE 025 042

BEST COPY AVAILABLE

Summary

This report provides an analysis of the Governor's proposed State budget for fiscal year 1991-92. The analysis provides (1) a discussion of major budget issues facing the Governor and the Legislature in constructing the 1991-92 State budget; (2) a brief overview of the Governor's proposed funding priorities; and (3) an analysis of the key policy issues facing higher education. These issues include student fees and financial aid, long-range planning for enrollment growth, community college reform, and the impact of the proposed budget on the State's historic Master Plan for Higher Education.

The analysis includes a summary of the findings and recommendations of the Legislative Analyst's report on the 1991-92 budget and postsecondary education proposals for capital outlay projects for the 1991-92 fiscal year.

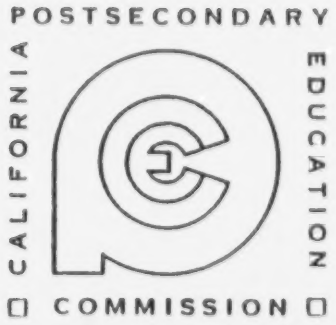
The Administration and Liaison Committee of the Commission discussed this report at its meeting on March 24, 1991. Additional copies of the report may be obtained from the Publications Office of the Commission at (916) 324-4991. Questions about the substance of the report may be directed to Diana Fuentes-Michel of the staff at (916) 322-8025.

•

Cover photograph courtesy of the California State Capitol Museum.

ANALYSIS OF THE 1991-92 GOVERNOR'S BUDGET

A Staff Report to the California Postsecondary Education Commission



CALIFORNIA POSTSECONDARY EDUCATION COMMISSION
Third Floor • 1020 Twelfth Street • Sacramento, California 95814-3985

COMMISSION REPORT 91-3
PUBLISHED MARCH 1991

THIS is one in a series of staff reports on important issues affecting California postsecondary education. These reports are brought to the California Postsecondary Education Commission for discussion rather than for action, and they represent the interpretation of the staff rather than the formal position of the Commission as expressed in its adopted resolutions and reports containing policy recommendations.

Like other publications of the Commission, this report is not copyrighted. It may be reproduced in the public interest, but proper attribution to Report 91-3 of the California Postsecondary Education Commission is requested.

Contents

Background 1

Overview of the Budget Shortfall 2

Available Revenues 4

The Budget Development Process 5

Consequences of Suspending the Funding Guarantee of Proposition 98 for K-12 and Community Colleges 5

Impact of the Proposed Student Fee Increases on Student Access 6

Importance of the Adequacy of Student Financial Aid 7

Progress in Implementing Community College Reform 8

Reduction of Federal IRCA Funding for Adult and Community College Education Programs 8

Reexamining the State's Financing Plan for Higher Education 10

Conclusion 10

Appendices 10

Displays

1. Comparison of 1990-91 Segmental Allocations from the State General Fund with Those Requested and Proposed for 1991-92 (Dollars in Millions) 1

2. Proposed Expenditures by Funding Source, 1991-92 State Budget (Dollars in Millions) 3

3. Proposed Postsecondary Education Expenditures by Funding Source, 1991-92 State Budget (Dollars in Thousands) 3

4. Governor's Proposals for Bridging the Spending Gap (Dollars in Billions) 4

5. 1991-92 State Revenue Fund Sources (Dollars in Millions) 4

6. How Funding Levels Are Determined Under the Minimum Guarantee of Proposition 98 5

7. Average Per-Student Undergraduate Fees Charged by the University of California, the California State University, and the California Community Colleges in Fiscal Years 1983-84 Through 1991-92 7

8. Estimated 1990-91 and 1991-92 Expenditure Plan, Immigration Reform and Control Act (Dollars in Thousands) 9

9. Budget Summary for the University of California, 1989-90 Through 1991-92 (Dollars in Thousands) 12

10. Budget Summary for the California State University, 1989-90 Through 1991-92 (Dollars in Thousands) 13

11. Total Support for the California Community Colleges from All Sources, 1989-90 Through 1991-92 (Dollars in Millions) 14

12. State Funds for the Support of Current Operations at the California Maritime Academy and Hastings College of the Law, Budgeted for 1990-91 and Proposed for 1991-92, with Percentage Increases (Dollars in Thousands) 14

13. California Student Aid Commission Local Assistance Programs, 1988-89 Through 1991-92 (Dollars in Thousands) 15

14. Funds for Capital Outlay at California Public Postsecondary Institutions, Budgeted for 1990-91 and Proposed for 1991-92 (Dollars in Thousands) 16

15. Costs of Attendance at the University of California and Eight Comparable Public Universities, 1990-91 17

16. Costs of Attendance at the California State University and 16 Comparable Public Universities, 1990-91 18

17. Average Daily Attendance/Full-Time-Equivalent Enrollment in California's Public Education Systems, 1990-91 and 1991-92 19

18. State Lottery Revenues, 1989-90 and 1990-91 (Dollars in Millions) 19

Analysis of the 1991-92 Governor's Budget

Background

Since 1960, the State's Master Plan for Higher Education has given all eligible students the opportunity to enroll in higher education somewhere within California's three-tier system, with the University of California admitting the top one-eighth of California's high school graduating class, the California State University enrolling the top one-third, and the California Community Colleges admitting persons 18 years or over, who can benefit from instruction. Together these three segments spend more than $15.5 billion annually (excluding capital outlay funding) and enroll over two million students.

For the first time in its history, this year California higher education will depart from its Master Plan. The Governor's 1991-92 proposed budget underfunds all three public education institutions and provides less State General Fund support than the current year, despite larger student enrollments and increased operating costs. In response to the Governor's budget proposal, the governing boards of the University and State University have approved proposals to deal with the budget shortfall. Their proposals will have direct and immediate effects on student access -- reducing enrollment, instruction, and student services.

University of California

The Governor's proposed budget for the University of California is $295 million less than the Regents' request for 1991-92 (Display 1). At their February meeting, the Regents took action to respond to that budget shortfall by voting to:

- Raise resident student fees and nonresident tuition by 40 percent (up $650 and $1,282, respectively);
- Defer salary and merit increases for the faculty and staff;
- Reduce program expenditures by cutting the staff by 1,000 full-time-equivalent positions;
- Defer building maintenance and instructional equipment purchases; and
- Eliminate certain programs and reduce the level of administration, public service, and research by $20 million.

The California State University

The Trustees of the California State University, unlike the Regents of the University, do not have either the statutory authority to raise fees beyond what is proposed in the Governor's Budget or access

DISPLAY 1 Comparison of 1990-91 Segmental Allocations from the State General Fund with Those Requested and Proposed for 1991-92 (Dollars in Millions)

Segment or Agency	1990-91 Current Year Budget Allocated	1991-92 General Fund Requested	Percent Increase in Requested Funds	1991-92 General Fund Proposed	Percent of Change from 1990-91 Allocation
University of California	$2,185,165	$2,398,533	9.8%	$2,133,900	-2.3%
The California State University[1]	$1,706,239	$1,939,274	13.7%	$1,659,427	-2.7%
California Community Colleges[2]	$2,515,584	$2,988,743	18.8%	$2,537586	+0.1%
California Student Aid Commission[3]	$160,123	$187,824	17.2%	$167,090	+4.0%

Note: The data in the several columns were derived from several sources and are not necessarily reconcilable among the columns.

1. Includes $3.5 million in Special Account for Capital Outlay (SAFCO) appropriations.
2. Includes property tax revenues.
3. Shows Cal Grant programs only.

Source: California Postsecondary Education Commission staff analysis.

to significant extramural funds that can assist in addressing the State University's budget shortfall. The Governor's Budget proposal is $402.5 million less than the Trustees' request for 1991-92. The Trustees recommend coping with the budget crisis primarily through program reductions that will have these results:

- Increase resident fees and nonresident tuition by 20 percent (up $156 and $1,210, respectively);
- Defer salary and merit increases for faculty and staff;
- Eliminate 1,036 faculty and staff positions;
- Delay program maintenance and instructional equipment replacement; and
- Make undesignated cuts of $51 million in administration, student services, and non-instructional programs.

The State University estimates that these reductions will result in approximately 4,100 courses being eliminated from the Fall 1991 class schedules -- adversely affecting student enrollment and lengthening the period of time to degree.

California Community Colleges

For the State's 107 community colleges, the Governor's proposal to suspend Proposition 98 is estimated to reduce their funding by 3 percent ($50.7 million) in the current year and provide $225.0 million less in the 1991-92 budget year than what otherwise would be provided under the Proposition's funding guarantee. State law limits community college growth by restricting their funding level to growth in the adult population, which is expected to be 2.25 percent for 1991-92. This ceiling on growth artificially limits support to the community colleges and severely undercuts their ability to offer programs. The Chancellor's Office of the community colleges estimates that individual colleges will have to support 86,659 of unfunded average-daily-attendance (ADA) growth during 1991-92.

In sum, these budget reductions will have a dramatic effect on the future enrollment plans of all three public higher education segments. The Commission's 1990 long-range planning report -- *Higher Education at the Crossroads: Planning for the Twenty-First Century* -- found that an additional 700,000 students will be eligible to attend postsecondary education in 2005 than are eligible now. This Commission estimate was based on the assumption that the State would maintain its Master Plan policy for higher education of continued access for all eligible students someplace in the system. If the Governor's Budget for higher education is approved as proposed, that Master Plan policy is clearly in jeopardy, since all three of California's public segments will have to raise student fees, limit admission, and restrict course offerings to reduce their operating budgets.

Overview of the budget shortfall

On January 10, Governor Pete Wilson presented his budget plan for 1991-92 to the Legislature. His budget totals $78.0 billion in federal and State funds, including $43.3 billion in General Fund expenditures -- a 3.7 percent increase over the current year. (Display 2 on the opposite page shows the overall budget, while Display 3 shows the higher education portion of the budget.) The Governor's Budget is based on an economic outlook that foresees continued weak revenue growth and unusually high expenditure growth in public assistance, education, corrections, and other State programs over 1990-91. The revenue shortfall appears to be a short-term problem which can be tied to the national recession and events in the Persian Gulf. The growth in the demand in public services -- especially in K-12 education, public assistance, health, and corrections -- is a long-term problem largely associated with growth in the population, demographic changes in the State's ethnic and age composition, and societal problems. The structural long-term problem of how the State can fund this growth is one for continued discussion and debate.

As Display 4 on page 4 shows, the Governor's spending plan for 1991-92 addresses the budget shortfall by increasing State revenue and reducing certain program expenditures. The Governor has since announced that current-year revenue adjustments will increase the budget shortfall by $1 billion -- bringing the estimated deficit to $8 billion. The Legislative Analyst estimates that the State's funding gap is almost $10 billion, with the difference largely attributed to differing estimates regarding the State's current budget-year workload and program costs. While the Administration and the Leg-

DISPLAY 2 Proposed Expenditures by Funding Source, 1991-92 State Budget (Dollars in Millions)

Program Area	General Funds	Special Funds	Bond Funds	Federal Funds	Total All Funds
K-12 Education	$16,259.3	$54.5	--	$1,681.2	$17,995.0
Health and Welfare	13,963.6	753.6	--	14,508.4	29,225.6
Higher Education	5,889.5	457.7	$58.1	3,677.2	10,082.5
Business, Transportation, and Housing	192.0	3,547.2	502.0	1,431.3	5,672.5
Tax Relief Subventions	715.7	--	--	--	715.7
Payment to Local Government	39.8	4,192.8	5.0	67.8	4,305.4
Youth and Adult Correctional	3,230.7	16.3	723.1	1.4	3,971.2
Resources	690.9	764.6	213.8	107.7	1,777.0
State and Consumer Services	289.3	335.7	0.7	16.6	642.3
Other	1,904.0	468.1	1.0	687.1	3,059.5
TOTAL	$43,282.4	$10,823.8	$1,600.3	$22,316.7	$78,023.2

Source: The 1991-92 Governor's Budget.

DISPLAY 3 Proposed Postsecondary Education Expenditures by Funding Source, 1991-92 State Budget (Dollars in Thousands)

	General Fund	State Lottery	Other State	Federal	Property Tax	Student Fees	Other	Totals
University of California	$2,133,900[a]	18,750	$67,888	$3,237,212[b]	--	$561,544[e]	$3,380,546[c]	$9,399,840
The California State University	1,655,927[a]	33,438	3,516	108,271	--	419,483d	631,517	2,852,152
California Community Colleges	1,671,808	95,230	44,086	--	$865,778	85,699	5,565	2,768,166
Hastings College of the Law	13,638	163	--	284	--	3,741	3,658	21,484
California Maritime Academy	7,075	30	--	401	--	740	1,847	10,093
California Student Aid Commission	167,090	--	15,897	248,622	--	--	919	432,528
California Postsecondary Education Commission	3,605	--	--	4,309	--	--	--	7,914
Council for Private Postsecondary and Vocational Education	--	--	3,561	1,212	--	--	--	4,773
TOTAL	$5,653,043	$147,611	$134,948	$3,600,311	$865,778	$1,071,207	$4,024,052	$15,496,950[f]
Percent of Total	36.5%	1.0%	0.9%	23.2%	5.6%	6.9%	26.0%	100.0%

a. Includes lease purchase revenue bonds of $43.9 million for the University and $11.7 million for the State University.

b. Includes $2.4 billion budgeted within the University for three federal Department of Energy laboratories.

c. Includes reimbursements, hospital fees, private contributions, sales and service, and auxiliary enterprises.

d. The $419.5 million in fee revenues are shown in the Governor's Budget as a General Fund appropriation.

e. Includes education and registration fees ($307 million), non-resident tuition ($99 million), University extension fees ($116 million), summer session fees ($18 million), and application and other fees ($21 million).

f. Excludes capital outlay.

Source: Analysis of the 1991-92 Budget Bill, Office of the Legislative Analyst.

DISPLAY 4 Governor's Proposals for Bridging the Spending Gap (Dollars in Billions)

	Amount
Expenditures	
Trigger Reductions	$0.8
Program Funding Reductions	1.4
Suspend Proposition 98 in 1991-92	1.4
Recalculate the Proposition 98 Guarantee for 1990-91	0.5
Subtotal	*4.1*
Revenues	
Realignment of State/Local Programs	0.9
Tax Compliance (increasing State tax withholding)	0.4
Tax Equity (imposing new sales taxes on candy, newspapers, etc.)	0.3
Medi-Cal Capitation/Accrual of Revenues	0.8
Other Resources and Transfers to the General Fund	0.5
Subtotal	*2.9*
TOTAL	$7.0

Source: The 1991-92 Governor's Budget.

islature differ in their estimates of how large the budget problem is, they agree that the State is experiencing a major financial crisis -- one that requires consideration of actions to increase State revenues and reduce State-supported programs.

Available revenues

The 1990 calendar year ended with the Deukmejian Administration projecting a budget deficit and proposing mid-year measures to reduce the State's budget shortfall. The legislative leadership choose to defer action until the new Governor was inaugurated. In introducing his first State budget, Governor Wilson is proposing no General Fund tax increase in personal income, bank and corporation, or general sales taxes. Instead, he proposes to increase State tax withholding for certain taxpayers and impose new sales taxes on candy, newspapers, and periodicals -- but these revenue proposals must receive the approval of two-thirds of the Legislature before being signed into law by the Governor.

Display 5 below shows the sources of General Fund revenues estimated for the 1991-92 budget, based on a 7 percent increase in State revenues projected by the Department of Finance. The Legislative Analyst's revenue estimates differ from that of the Department in two ways:

1. *Revenue growth of 4 percent in 1991-92*: The Analyst believes that the State's economy will not recover from the recession as quickly as projected by the Department of Finance. Thus the Analyst estimates revenue growth at 4 percent -- a figure closer to the revenue growth experienced by the State in the previous two budget years (4.9 percent in 1989-90 and 3.6 percent in 1990-91). The Analyst forecasts that the Department's projection will fall $1.2 billion short and recommends to the Legislature that it revise its revenue estimates downward by this amount.
2. *Recession and drought impact on the State's economy*: The Analyst foresees that revenue estimates will fall several hundred million dollars short of estimates due to factors such as the drought and increased unemployment. More reliable information will be available in April,

DISPLAY 5 1991-92 State Revenue Fund Sources (Dollars in Millions)

Source	General Fund	Special Funds
Personal Income Tax	$20,034	$ 3
Sales Tax	16,780	183
Bank and Corporation Taxes	5,535	25
Highway Users Taxes	--	4,042
Motor Vehicle License Fees	--	3,225
Insurance Tax	1,325	--
Tobacco	158	644
Liquor Tax	135	190
Estate Taxes	487	--
Horse Racing Fees	113	32
Other	1,204	2,982
TOTAL	$45,771	$11,326

Source: The 1991-92 Governor's Budget.

when the State receives the majority of its tax revenues and the Department of Finance releases its revised May revenue estimates that will more accurately reflect the State's current fiscal condition.

The budget development process

Over the next several months, the Governor's Budget will undergo significant review and change as revenue estimates are revised and discussions over State funding priorities occur between the Governor and the Legislature. In a very practical sense, the Governor's Budget offers a starting point for negotiations between the Administration and the Legislature about what the State's funding priorities should be. This year, due to the severity of the budget crisis, the Administration and the Legislature have created a budget task force to develop and recommend options for solving the budget problem. This task force has been divided into four working groups: (1) revenue and taxation, (2) general government, (3) health and welfare, and (4) education. The task force has initially comprised a list of possible revenue and expenditure options that it will use to assist the Governor and the Legislature in identifying possible budget solutions.

Commission staff will actively participate in the budget debate focusing on the specific policy and fiscal issues affecting postsecondary education, but the issues affecting the availability of revenue and the construction of the budget go well beyond postsecondary education. Since these issues will determine what General Fund resources are available to higher education, the following paragraphs briefly discuss the major budget issues affecting the development of the 1991-92 State budget.

Consequences of suspending the funding guarantee of Proposition 98 for K-12 and community colleges

In November 1988, California's voters passed Proposition 98 (the Classroom Instruction Improvement and Accountability Act), which established a minimum level of funding for the State's public elementary and secondary schools as well as its community colleges based on one of the three so-called "tests" that are shown in Display 6 below. The Governor's 1991-92 Budget proposes to suspend Proposition 98 and provide $1.4 billion less in fiscal year 1991-92 for K-12 education and the community colleges than would be provided under the initiative.

DISPLAY 6 How Funding Levels Are Determined Under the Minimum Guarantee of Proposition 98

TEST 1: *40 Percent of the General Fund Revenue*

This funding level provides K-14 the amount of money, as a percentage of State General Fund revenues, that was appropriated to K-14 in the 1986-87 fiscal year or base year -- about 40 percent.

TEST 2: Maintain Prior-Year Level of K-14 Funding

This test provides the amount of money required to maintain the prior-year level of allocations from State General Fund and local revenues (property taxes) adjusted for enrollment increases and inflation.

TEST 3: *Adjustment of Funding Level Based on Available Revenues*

This test bases K-14 education funding on the prior year funding level adjusted for enrollment growth and growth in the General Fund revenues per capita, plus 0.5 percent of the prior-year level. (This test was added to the minimum funding guarantee formula with the passage of Proposition 111. That proposition modified the funding guarantee so that in years when revenue growth slowed, K-14 education funding would be based on available General Fund revenues.)

Source: California Postsecondary Education Commission staff analysis.

During the next three months, the Legislature must decide whether to suspend Proposition 98 as proposed by the Governor. Current law provides that the minimum guarantee of Proposition 98 may be suspended for one year through urgency legislation requiring a two-thirds vote of each house. If the Legislature agrees to suspend the minimum guarantee, the Legislature can appropriate any level of funding for K-12 and the community colleges.

The Governor's proposal will be a contentious issue that will have significant impact on other areas of the budget if the Legislature does not approve it. The proposed budget reduces General Fund support for K-12 and the community colleges in the current and budget years by $2 billion. The Legislature and the Governor would have to agree to bridge the total shortfall of between $8 billion and $10 billion by either raising additional revenue and/or increase program funding reductions in the non-Proposition 98 program areas. Both these solutions are problematic. If the Legislature chooses to maintain the funding guarantee, it must restore the $2 billion either by making additional cuts to the non-Proposition 98 budget or raising revenue. The later solution is also problematic, since the first $2 billion in new revenues raised is presently earmarked for K-12 and community colleges under the funding guarantee. While the existing budget proposal seeks to significantly reduce General Fund expenditures in non-Proposition 98 budgets; the non-suspension of Proposition 98 may result in an additional $280 million being reduced from the University and State University's base budgets.

Impact of the proposed student fee increases on student access

A primary tenet of the State's Master Plan is the provision of access to any person eligible to attend higher education. An important feature of this policy is that the State assumes the primary responsibility for the cost of providing a postsecondary education. None of California's three public college and university systems -- the California Community Colleges, the University of California, and the California State University) currently charge tuition to students who are California residents. This "tuition free" policy has limited not only the kinds of student fees that California's public segments charge but also their uses of these fees. Existing student fee revenues are used to complement institutional budgets by supporting the cost of student services.

The Commission is on record as supporting the existing student fee policy that limits fee increases to no more than 10 percent annually. At the same time, it recognizes that this policy is essentially an implementing feature of the State's historic Master Plan policies which support California's three-tier public higher education system that is renowned for its quality and accessibility. In the immediate future, the State's fiscal environment threatens the continuation of that policy by providing inadequate resources to fund all of the State's existing program priorities. The proposed student fee increases shown in Display 7 on page 7 not only raise the level of fees beyond the existing student fee policy but also raise serious concerns regarding continued student access.

California's existing student fee and financial aid policies provide eligible and financially needy students with the opportunity to attend college. The proposed student fee increases are accompanied with a proposal to increase student financial aid to cover the fee increase for low-income students. The proposed fee increase will most directly affect the ability of students from moderate income levels to attend college. The Commission's staff estimates that the type of student who is able to attend the University and the State University will shift significantly as a result of the fee increase, in that students ineligible for financial assistance will either transfer to lower-cost institutions, delay their education in order to work, or drop out for a lack of adequate financing.

For the University of California, Commission staff estimates that 2,367 middle-income undergraduates will not enroll next year and will be replaced with students from upper-income levels. For the State University, Commission staff estimates that almost 10,000 of its students will be displaced with students from high-income levels and an additional 10,000 will be affected by the State University's reduction in the level of its instruction program offerings -- in that they would have enrolled in courses that will not be offered because of the budget reductions.

The Commission has established an ad hoc committee to examine student fee and financial aid policies

DISPLAY 7 *Average Per-Student Undergraduate Fees Charged by the University of California, the California State University, and the California Community Colleges in Fiscal Years 1983-84 Through 1991-92*

Year	University of California	The California State University	California Community Colleges
1983-84 Base	$1,387	$ 692	$100
1984-85	1,317	658	100
1985-86	1,324	666	100
1986-87	1,345	680	100
1987-88	1,492	754	100
1988-89	1,554	815	100
1989-90	1,634	845	100
1990-91	1,820	920	100
1991-92[1]	2,170	1,076	120

1. Based on proposed 1991-92 Governor's Budget.

Sources: Table 5, *The Price of Admission, 1983* (Sacramento: California Postsecondary Education Commission, December 1982), and California Postsecondary Education Commission staff analysis.

and their impact on student enrollment and higher education financing. In addition, the Commission has reconvened its Fee and Financial Aid Policy Discussion Group which is examining alternatives to the State's existing student fee/financial aid policies. (Item 6 on the agenda of the Administration and Liaison Committee provides an update on the Commission's activities on student fee and financial aid policies.)

Importance of the adequacy of student financial aid

A key component to the State's existing student fee policy is the State's financial aid policy. The primary purpose of State student financial aid programs is to provide equal opportunity, access, and choice to postsecondary education for financially needy students. The State's three grant programs (Cal Grant A, B, and C) complement the federal student financial aid programs by requiring that students apply for federal aid to qualify for State aid assistance and determine aid eligibility on specified federal standards. While California's programs have been successful in providing opportunity, they do not meet the needs of all eligible students who currently demonstrate financial need. In fact, two out of every three eligible Cal Grant applicants do not receive aid due to the lack of State funding. In addition, large numbers of students from moderate-income backgrounds do not meet financial need criteria and must work and borrow funds to support their college costs.

The Governor's Budget proposes to reduce funding for the Cal Grant program by $6.8 million. The California Student Aid Commission has not yet made a recommendation regarding how this budget cut should be implemented, but the number of grants awarded to graduating high school and continuing college students will be reduced; adversely impacting student access and retention. The Governor's Budget also includes $13.8 million augmentation to fully fund the mandatory funding increases at the University of California and the California State University as well as budget language directing that the University and the State University transfer funding to the Student Aid Commission in order to maintain the "full-fee" funding policy if fee increases go beyond 20 percent. The University has proposed to provide grant assistance to cover the fee increase for students with family incomes of $30,000 or more. This proposal marks a departure from the University's historical need-based grant distribution policy.

Progress in implementing community college reform

In 1988, a major community college reform measure (Assembly Bill 1725) was signed into law that is making major changes in the mission, governance, and financing of the California Community Colleges. A major provision of the legislation provided for $140 million in new State funding phase-in over a two-year period. These funds were allocated to the local community college districts for their general use in implementing the required reforms. More importantly, these funds became a part of base funding for the community colleges. AB 1725 also extended the provisions of the community college financing legislation (SB 851) until June 30, 1991 but for 1991-92 it replaces those provisions with "program-based funding" -- a new mechanism to be developed by the system's Board of Governors.

The proposed criteria and standards to be utilized in the program-based funding model have been drafted in regulation and are to be approved by the Board of Governors at its March meeting. Concerns regarding the use of appropriate criteria to establish such standards as the faculty-student ratio, faculty salary levels and program staffing have been raised. Commission staff will be providing legislative committee staff with additional information regarding these issues as appropriate.

Among other provisions to be implemented in fiscal year 1991-92 is the development of a system of educational and fiscal accountability for the colleges. In July 1990, the Board of Governors acted on a model accountability system that it forwarded to the State Department of Finance for State funding. In developing the 1991-92 budget, that Department requested the Commission to review and comment on the proposed $7.9 million system. The Commission provided the Department with initial comments on the proposed system and has promised to provide more specific recommendations prior to the Legislature's budget hearings.

If Proposition 98 is not suspended, the community colleges will receive $225 million more than they did in the current year and 7.5 percent more than proposed in the Governor's Budget. Their major concern for 1991-92, however, is that the suspension of Proposition 98 would result in their receiving 3 percent less General Fund support ($50.7 million) than they did this year.

Reduction of federal IRCA funding for adult and community college education programs

The federal government enacted the Immigration Reform and Control Act (IRCA) in 1986 to provide for the legalization of an estimated 1.7 million eligible undocumented residents in the United States. More than half these applicants reside in California. In enacting IRCA, the federal government created the State Legalization Assistance Grant (SLIAG) program, which over a five-year period was to appropriate $4 billion in federal funds to the States impacted by the legalization effort.

The five-year IRCA-SLIAG funding period will expire on September 30, 1992. However, President Bush has proposed to eliminate federal funding for the SLIAG funding in the federal 1991-92 budget. It is uncertain at this time what funding, if any, will be provided by the federal government to the State in fiscal year 1991-92. The Wilson Administration has proposed fully funding mandated public assistance and health programs, eliminating funding for discretionary State programs and reducing the level of educational services supported by SLIAG funding (Display 8, page 9).

The Governor's proposed allocation of SLIAG funding dramatically reduces funding for English as a Second Language (ESL) and basic skills courses offered by K-12 adult education and the community colleges -- down from $97.9 million in 1990-91 to $36 million in 1991-92. This funding reduction comes on top of proposed reductions to local districts as a result of the suspension of Proposition 98. These proposed reductions coupled with the present statutory limits on community college growth will reduce the level of services provided to recently legalized residents.

During deliberations on the 1990-91 State budget, the Legislature enacted ACR 128, which directed the Commission to consult with the Superintendent of Public Instruction, the Chancellor of the California Community Colleges, non-profit, community-based organizations and other current and potential providers and consumers of educational services under IRCA, to consider the long-term impact of legalization applicants on adult and community college education. These recommendations are due to the Legislature and Governor by March 1992. The Commission will hear as an information item the prospectus for that study at its April meeting.

DISPLAY 8 Estimated 1990-91 and 1991-92 Expenditure Plan, Immigration Reform and Control Act (Dollars in Thousands)

Program Allocation	1990-91	1991-92
Public Health		
TB/Leprosy Control	$832	--
Sexually Transmitted Diseases	1,929	--
Immunizations	242	--
Perinatal Services	--	--
Family Planning	989	--
Adolescent Family Life	1,489	--
IRCA Subvention	12,755	--
Public Health Administration	2,160	$1,115
Subtotals	*$20,396*	*$1,115*
Public Assistance		
General Assistance	$237	$237
Foster Care	1,720	1,720
AFDC-FG	847	1,406
SSI-SSP	21,906	35,387
Food Stamps	473	624
Housing	600	--
Medi-Cal	145,231	128,234
California Children's Services	355	355
Medically Indigent Services	201,678	218,000
County Medical Services	5,250	3,507
Primary Care Clinics	15,000	--
Mental Health	8,733	--
HCD Administration	65	--
DMH Administration	248	--
DSS Administration	636	691
DHS Administration	2,419	2,144
HWA Administration	1,399	150
Auditor General Administration	--	--
Subtotals	*$406,797*	*$392,455*
Anti-Discrimination/Education		
EDD	548	--
Employment and Housing	565	--
HWA	740	--
Subtotal	*1,853*	--
Education		
Adult Education	$95,763	$35,000
K-12	--	--
SDE and CCC Administration	2,164	1,000
Subtotals	*$97,927*	*$36,000*
TOTALS	**$526,973**	**$429,570**

Source: The 1991-92 Governor's Budget.

Reexamining the State's financing plan for higher education

If California is to maintain its current higher education system for the next generation of students, it must give serious consideration to how the State will adequately finance its cost. The budget deficit this year reflects not only a short-term revenue shortfall but also a long-term structural deficit, where revenues outstrip the increased cost of delivering State services to a growing population. This year's budget problem will continue into future budgets unless the State takes action to restructure its existing revenue and expenditure policies.

In examining California's existing student fee and financial aid policies and the impact of proposed budget cuts on student access and instructional quality, the Commission recognizes the need to further study financing alternatives. However, before recommending changes to the existing fee policy, more adequate information on the current economic profile of students enrolling in the public four- and two-year colleges and universities should be obtained.

Presently we do not have adequate information on the current economic profile of students, including income by ethnicity, of students enrolled in the public institutions. The California Student Aid Commission periodically surveys students attending the public four-year institutions to determine student expense budgets -- known as the Student Expenses and Resources Study (SEARS) survey. Further study of alternative student tuition, fee, and financial aid policies and their potential consequences upon General Fund revenues, student access, and financial aid eligibility should be undertaken prior to changing the current policy. In addition, an analysis of the total costs of the instructional mission of the three public postsecondary institutions should be reviewed with an eye to examining the cost of instruction by level of instruction and identifying the effect of programmatic alternatives, such as reduced access, program elimination, and increased use of electronic technology for instruction.

Commission staff has developed budget language calling for such a study by the legislative budget committees. Although some initial analysis has been done on the student fee and financial aid policy, there is still more to know about the consequences of raising student fee levels beyond the existing fee policy.

Conclusion

The 1991-92 Governor's Budget proposes increases in State revenues to fund State programs as well as program eliminations and reductions to close the estimated $8 million to $10 billion funding gap. During the upcoming several months, the Legislature will debate the Governor's proposal and will revise the proposed spending plan according to its own priorities. Given the enormous budget deficit, the Legislature must decide on the appropriate level of new revenue and program reductions to achieve a balanced budget. A key issue in this decision will be whether to suspend Proposition 98 -- the minimum funding guarantee for K-14 education.

The State budget proposes significantly less General Fund support for higher education than the current year -- 2.9 percent less for the community colleges, 2.5 percent for the State University, and .01 percent for the University, before adjusting for inflation and growth. The proposed budget, taken together with base budget reductions of recent years, erodes State support for higher education and will significantly reduce the level of instruction and student services provided to students who enroll in public higher education. Unless the State is willing to examine and restructure how we finance public higher education institutions, California will move away from its historical tradition of providing low-cost, quality postsecondary education to all eligible students.

Appendices

The following pages present displays of specific data relevant to the Governor's Budget. Displays 9 through 12 on pages 12-14 summarize actual budgets for recent years and proposed budgets for 1991-92 of California's segments and institutions of higher education. Display 13 on page 15 shows similar data for the California Student Aid Commission. Display 14 on page 16 shows budgeted and proposed capital outlay funds for the segments. Displays 15 and 16 on pages 17 and 18 illustrate student costs of

attending the University of California and the California State University in comparison with similar public institutions elsewhere in the country. Display 17 on page 19 summarizes average daily attendance or full-time-equivalent enrollment in California's segments of public education during 1990-91 and projected for 1991-92. Finally, Display 18 on the same page shows the drop in State Lottery Funds to education this year.

DISPLAY 9 Budget Summary for the University of California, 1989-90 Through 1991-92 (Dollars in Thousands)

Program	Actual 1989-90	Estimated 1990-91	Proposed 1991-92	Change from 1990-91 Amount	Change from 1990-91 Percent
Budgeted Programs					
Instruction	$1,510,523	$1,665,917	$1,688,209	$22,292	1.3%
Research	271,823	244,813	239,716	-5,097	-2.1
Public Service	97,856	89,691	89,691	---	---
Academic Support	357,366	416,946	428,473	11,527	2.8
Teaching Hospitals	1,222,124	1,453,111	1,558,155	105,044	7.2
Student Services	202,894	195,627	195,627	---	---
Institutional Support	319,779	318,218	318,218	---	---
Operation and Maintenance	265,892	295,300	298,383	3,083	1.0
Student Financial Aid	95,267	88,103	88,564	461	0.5
Auxiliary Enterprises	304,761	354,119	385,676	31,557	8.9
Special Regents' Program	50,029	78,630	81,254	2,624	3.3
Unallocated Adjustments	10,952	-24,992	90,509	115,501	---[a]
Unallocated Budget Reduction	---	---	-34,115	-34,115	---[a]
Subtotals, Budgeted Programs	($4,709,266)	($5,175,483)	($5,428,360)	($252,877)	(4.9%)
Extramural Programs					
Sponsored Research and Other	$1,380,536	$1,483,170	$1,588,480	$105,310	7.1
Department of Energy Labs	2,279,609	2,314,000	2,383,000	69,000	3.0
Subtotals, Extramural Programs	($3,660,145)	($3,797,170)	($3,971,480)	($174,310)	(4.6%)
Grand Totals	$8,369,411	$8,972,653	$9,399,840	$427,187	4.8%
Funding Source					
Budgeted Programs					
General Fund	$2,076,662	$2,135,733	$2,133,900	-$1,833	-0.1%
State Transportation Fund	956	956	956	---	---
California Water Fund	100	100	100	---	---
Cigarette and Tobacco Products Fund	40,923	31,949	26,852	-5,097	-16.0
Capital Outlay Bond Fund (1988)	2,200	---	---	---	---
Facilities Bond Fund (1990)	---	3,000	---	-3,000	-100.0
Lottery Education Fund	24,106	18,750	18,750	---	---
Federal Funds	9,992	12,612	12,612	---	---
Higher Education Fee Income	229,855	251,474	306,651	55,177	21.9
University General Funds	229,876	263,788	288,124	24,336	9.2
Extramural Programs					
Federal Funds	$741,973	$790,200	$841,600	$51,400	6.5%
Department of Energy (Federal)	2,279,609	2,314,000	2,383,000	69,000	3.0
State Agency Agreements	36,260	38,070	39,980	1,910	5.0
Private Gifts, Contracts, and Grants	275,458	300,300	327,400	27,100	9.0
Other University Funds	$326,845	$354,600	$379,500	$24,900	7.0
Personnel Years	58,701	58,498	58,783	285	0.5%

a. Not a meaningful figure.

Source: Analysis of the 1991-92 Budget Bill, Legislative Analyst.

DISPLAY 10 Budget Summary for the California State University, 1989-90 Through 1991-92 (Dollars in Thousands)

Program	Actual 1989-90	Estimated 1990-91	Proposed 1991-92	Change from 1990-91 Amount	Change from 1990-91 Percent
Instruction	$1,229,673	$1,328,424	$1,378,342	$49,918	3.8%
Public Service	1,118	1,251	1,276	25	2.0
Academic Support	211,762	248,354	232,907	-15,447	-6.2
Student Services	264,984	289,033	324,634	35,601	12.3
Institutional Support	511,635	555,614	553,593	-2,021	-0.4
Independent Operations	73,528	74,747	77,542	2,795	3.7
Auxiliary Organizations	389,450	421,754	456,816	35,062	8.3
Provisions for Allocation	30	-96,824	-166,787	-69,963	72.3
Unallocated Employee Compensation Increase	---	---	21,699	21,699	---[a]
Unallocated Trigger-Related Reduction	---	---	-27,870	-27,870	---[a]
Totals, Budgeted Programs	$2,682,180	$2,822,353	$2,852,152	$29,799	1.1%
Funding Source					
General Fund	$1,631,540	$1,699,014	$1,655,927	-$43,087	-2.5%
Special Account for Capital Outlay	2,172	4,828	3,500	-1,328	-27.5
Reimbursements	61,882	63,178	63,943	765	1.2
Higher Education Earthquake Account	-670	851	---	-851	-100.0
Higher Education Fees and Income	327,219	357,663	419,483	61,820	17.3
Continuing Education Revenue Fund	54,604	54,911	54,250	-661	-1.2
Dormitory Revenue Fund	33,422	41,002	42,764	1,762	4.3
Parking Revenue Fund	16,405	13,562	13,744	182	1.3
1988 Higher Education Capital Outlay Bond Fund	5,489	8,415	---	8,415	-100.0
1990 Higher Education Capital Outlay Bond Fund	---	10,600	---	-10,600	-100.0
Lottery Education Fund	56,801	49,167	33,438	-15,729	-32.0
Federal Trust Fund	103,863	97,392	108,271	10,879	11.2
Special Projects Fund	3	16	16	---	---
Auxiliary Organization					
Federal	65,817	71,276	77,202	5,926	8.3
Other	$323,633	$350,478	$379,614	$29,136	$8.3
Personnel Years	36,629.6	36,563.9	37,507.8	943.9	2.6%

a. Not a meaningful figure.

Source: Analysis of the 1991-92 Budget Bill, Legislative Analyst.

DISPLAY 11 *Total Support for the California Community Colleges from All Sources, 1989-90 Through 1991-92 (Dollars in Millions)*

Type of Support or Source	Actual 1989-90	Estimated 1990-91	Proposed 1991-92	Change from 1990-91 Amount	Change from 1990-91 Percent
State Support					
State Operations	$20,124	$20,464	19,525	-$939	-4.6%
Categorical Programs	209,975	238,647	203,962	-34,685	-14.5
Apportionments	1,400,836	1,534,861	1,484,118	-50,743	-3.3
Proposition 98 Reserve	--	--	10,000	10,000	--[a]
Subtotals, State Support	($1,630,935)	($1,793,972)	$1,717,605	-$76,367	(-4.3%)
Local Support					
Property Taxes	$715,469	$793,207	$865,778	$72,571	9.1%
Other State Support					
Lottery Revenues	122,433	95,230	95,230	--	--
Enrollment Fee	67,192	69,000	84,699	15,699	22.8%
State School Fund	2,570	3,854	3,854	--	--
Subtotals, Other State Support	($192,195)	($168,084)	($183,783)	($15,699)	(9.3%)
Totals	$2,538,599	$2,755,263	$2,767,166	$11,903	.04%
Funding Sources					
General Fund	$1,554,615	$1,722,377	$1,671,808	$50,569	2.9%
Local Funds	715,469	793,207	865,778	72,571	9.1
Bond Funds	28,000	28,197	142	-28,055	-99.5
Other State/Reimbursements	47,088	41,688	43,944	2,256	5.4
Enrollment Fee	67,192	69,000	84,699	15,699	22.8
Other/Lottery	126,235	100,794	100,795	1	--

a. Not a meaningful figure.

Source: Analysis of the 1991-92 Budget Bill, Legislative Analyst.

DISPLAY 12 *State Funds for the Support of Current Operations at the California Maritime Academy and Hastings College of the Law, Budgeted for 1990-91 and Proposed for 1991-92, with Percentage Increases (Dollars in Thousands)*

	California Maritime Academy			Hastings College of the Law		
Fund	1990-91 Budget	1991-92 Proposed	Percent Increase	1990-91 Budget	1991-92 Proposed	Percent Increase
General Fund	$13,531	$13,638	0.8%	$7,047	$7,075	0.4%
Lottery Funds	163	163	0.0%	30	30	0.0%
TOTAL	$13,694	$13,801	0.8%	$7,077	$7,105	0.4%

Source: The 1991-92 Governor's Budget.

DISPLAY 13 California Student Aid Commission Local Assistance Programs, 1988-89 Through 1991-92 (Dollars in Thousands)

Type of Support or Source	Actual 1989-90	Estimated 1990-91	Proposed 1991-92	Change from 1990-91 Amount	Change from 1990-91 Percent
Grant Programs					
Cal Grant A (Scholarship)	$100,127	$101,965	$110,142	$8,177	8.0%
Cal Grant B (College Opportunity)	50,112	54,745	59,749	5,004	9.1
Cal Grant C (Occupational)	2,752	3,003	3,003	0	0.0
Graduate Fellowship	2,514	2,969	2,969	0	0.0
Law Enforcement Personnel Dependents	10	14	14	0	0.0
Bilingual Teacher Development	85	4	0	4	-100.0
Byrd Scholarship Program	790	866	866	0	0.0
Paul Douglas Teacher Scholarships	1,961	2,009	2,009	0	0.0
Subtotals, Grant Programs	$158,351	$165,575	$178,752	$13,177	7.9
Other Programs					
Assumption Program of Loans for Education (APLE)	854	1,400	2,001	601	33.3
Work Study Program	750	810	810	0	0.0
Cal-SOAP	577	577	637	60	10.7
Subtotals, Other Programs	2,181	2,787	3,448	0	0.0
Reimbursements	-798	-866	-866	0	0.0
Unallocated Reduction			-$6,807		
Net Totals	$159,734	$167,496	$174,527	$6,031	3.6%
Funding Sources					
General Fund	$146,667	$156,400	$163,371	$6,971	4.1
Federal Trust Fund	$13,067	$11,096	$11,096	0	0.0

Source: 1991-92 Governor's Budget.

DISPLAY 14 *Funds for Capital Outlay at California Public Postsecondary Institutions, Budgeted for 1990-91 and Proposed for 1991-92 (Dollars in Thousands)*

Segment and Fund	1989-90 Budgeted	1990-91 Proposed
University of California		
Higher Education Capital Outlay Bond Fund of 1986	0	$1,466
High Technology Education Revenue Bond Fund	82,987	0
Higher Education Capital Outlay Bond Fund of 1988	27,507	1,000
Public Building Construction Fund	99,572	110,553
Higher Education Capital Outlay Bond Fund of 1990	126,662	15,779
Health Science Facilities Construction Fund	0	2,375
TOTAL STATE FUNDS	(336,728)	(131,173)
Other Nonstate Funds	66,714	1,485
TOTAL FUNDS	$403,442	$132,658
The California State University		
Higher Education Capital Outlay Bond Fund of 1986	21,290	5,257
High Technology Education Revenue Bond Fund	31,495	4,259
Higher Education Capital Outlay Bond Fund of 1988	79,288	2,416
Public Building Construction Fund	160,300	106,232
Higher Education Capital Outlay Bond Fund of 1990	119,516	14,198
TOTAL STATE FUNDS	(411,889)	(132,362)
Other Nonstate Funds	49,615	8,407
TOTAL FUNDS	$461,504	$140,769
California Community Colleges		
Higher Education Capital Outlay Bond Fund of 1986	6,871	0
Higher Education Capital Outlay Bond Fund of 1988	68,574	0
Public Building Construction Fund	158,999	111,686
Higher Education Capital Outlay Bond Fund of 1990	91,836	10,360
TOTAL STATE FUNDS	($326,280)	($122,046)
California Maritime Academy		
Higher Education Capital Outlay Bond Fund of 1990	60	0
TOTAL STATE FUNDS	(60)	(0)
TOTA L STATE FUNDS	$1,074,957	$385,581
TOTAL FUNDS	$1,191,286	$395,473

Note: There are no proposed capital outlay projects for the Hastings College of the Law.

Source: The 1991-92 Governor's Budget.

DISPLAY 15 *Costs of Attendance at the University of California and Eleven Comparable Public Universities, 1990-91*

Institution	Tuition and Fees	Books and Supplies	On-Campus Room and Board	Trans-portation	Other Costs	Total Costs
Cornell University Statutory Colleges	$5,944	$420	$4,993	**	$920	$12,277
State University of New York, Buffalo*	1,908	730	3,790	779	835	8,042
University of Arizona	1,540	574	3,436	650	1,450	7,650
University of Illinois, Urbana*	2,969	420	3,642	380	1,212	8,623
University of Michigan, Ann Arbor*	3,688	424	3,856	195	1,184	9,347
University of North Carolina - Chapel Hill	1,084	450	3,280	50	930	5,794
University of Oregon, Eugene	1,965	390	2,750	235	1,090	6,430
University of Texas, Austin	1,022	450	3,300	506	1,250	6,528
University of Virginia*	2,966	525	3,150	**	1,050	7,691
University of Washington	1,953	492	3,800	606	1,335	8,186
University of Wisconsin - Madison	2,108	466	3,445	235	1,080	7,334
Average of above institutions	**$2,468**	**$486**	**$3,586**	**$404**	**$1,121**	**$8,065**
University of California Average	**$1,820**	**$621**	**$4,943**	**$490**	**$1,371**	**$9,245**

* Institutions presently in the University's faculty salary comparison group.

** Transportation cost is incuded in the "Other Costs" category.

Source: Tuition and fee figures obtained from the University of California. All other cost information obtained from *The College Cost Book 1991*, published by The College Board.

DISPLAY 16 Costs of Attendance at the California State University and 16 Comparable Public Universities, 1990-91

Institution	Tuition and Fees	Books and Supplies	On-Campus Room and Board	Trans-portation	Other Costs	Total Cost
Arizona State University	$1,540	$480	$3,900	**	$2,120	$8,040
Cleveland State University	2,397	475	3,069	**	700	6,641
Georgia State University	1,812	900	N/A	N/A	N/A	7,649
Illinois State University[2]	2,272	456	2,560	$390	1,233	6,911
Mankato State University[1]	1,927	400	2,388	225	1,000	5,940
North Carolina State University	1,109	500	3,100	**	1,000	5,709
Rutgers: The State University of New Jersey, Newark	3,281	500	3,826	**	2,093	9,700
State University of New York, Albany	1,485	500	3,422	250	650	6,307
University of Colorado, Denver	1,458	450	N/A	N/A	N/A	6,845
University of Connecticut[2]	2,975	500	4,258	250	1,317	9,300
University of Maryland, Baltimore County	2,390	450	3,784	300	930	7,854
University of Nevada, Reno	1,380	650	2,970	650	1,200	6,850
University of Texas, Arlington	994	416	3,852	594	900	6,756
University of Wisconsin, Milwaukee	2,258	509	3,408	519	1,532	8,226
Virginia Polytechnic Institute and State University[1]	2,846	560	2,672	210	950	7,238
Wayne State University	2,635	430	N/A	1,080	700	8,169
Average of Above Institutions	**$2,047**	**$511**	**$3,324**	**$447**	**$1,166**	**$7,495**
California State University Average	**$911**	**$455**	**$3,962**	**$452**	**$1,257**	**$7,037**

1. In 1991-92, these universities will be deleted from the list as comparable institutions.

2. In 1991-92, these universities will replace the deleted ones as comparable institutions.

N/A: Not available, but average cost used in calculating total cost for the institution.

** Transportation cost is included in the other cost category.

Source: Cost information obtained from *The College Cost Book 1991*, published by The College Board, and *The Chronicle of Higher Education*, October 3, 1990, pp. A37-A42.

DISPLAY 17 *Average Daily Attendance/Full-Time-Equivalent Enrollment in California's Public Education Systems, 1990-91 and 1991-92*

	Average Daily Attendance/Full-Time-Equivalent Enrollment		Change, 1990-91 to 1991-92	
	1990-91	1991-92	Amount	Percent
K-12[1]	4,908,300	5,118,400	210,100	4.2%
California Community Colleges	738,291	752,189	13,898	1.9%
The California State University	274,500[2]	280,220	5,720	2.1%
University of California	154,101[3]	155,710	1,609	1.0%
Undergraduate	(114,940)	(116,584)	1,644	1.4%
Postbaccalaureate	1,045	1,010	35	-3.3%
Graduate	(26,094)	(26,094)	---	---
Health Sciences	(12,022)	(12,022)	---	---
Hastings College of the Law	1,325	1,225	-100	-1.2%
California Maritime Academy	400	400	0	0%
TOTAL STUDENTS				

1. Source: Unduplicated average daily attendance, for elementary and secondary students only, Department of Finance.

2. Budgeted. Estimated Actual 1990-91 enrollment is 278,722 FTE.

3. Budgeted.

Source: The 1991-92 Governor's Budget.

DISPLAY 18 *State Lottery Revenues, 1989-90 and 1990-91 (Dollars in Millions)*

Institution	1989-90	1990-91[1]	Change from 1989-90 Amount	Percent
K-12 Education	$788.80	$613.54	$175.26	22%
California Community Colleges	122.43	95.23	27.20	22
The California State University	42.99	33.44	9.55	22
University of California	24.11	18.75	5.36	22
Hastings College of the Law	.21	.16	.05	23
California Maritime Academy	.06	.05	.01	16
TOTAL	$978.60	$761.17	$217.43	-22%

1. Based on Lottery Commission estimates. Lottery Commission does not make projections beyond current year.

Source: 1991-92 Governor's Budget.

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

THE California Postsecondary Education Commission is a citizen board established in 1974 by the Legislature and Governor to coordinate the efforts of California's colleges and universities and to provide independent, non-partisan policy analysis and recommendations to the Governor and Legislature.

Members of the Commission

The Commission consists of 15 members. Nine represent the general public, with three each appointed for six-year terms by the Governor, the Senate Rules Committee, and the Speaker of the Assembly. The other six represent the major segments of postsecondary education in California.

As of March 1991, the Commissioners representing the general public were:

Lowell J. Paige, El Macero; *Chair;*
Henry Der, San Francisco; *Vice Chair;*
Mim Andelson, Los Angeles;
C. Thomas Dean, Long Beach;
Rosalind K. Goddard, Los Angeles;
Helen Z. Hansen, Long Beach;
Mari-Luci Jaramillo, Emeryville;
Dale F. Shimasaki, San Francisco
Stephen P. Teale, M.D., Modesto.

Representatives of the segments were:

Joseph D. Carrabino, Orange; appointed by the California State Board of Education;

James B. Jamieson, San Luis Obispo; appointed by the Governor from nominees proposed by California's independent colleges and universities

Meredith J. Khachigian, San Clemente; appointed by the Regents of the University of California;

John F. Parkhurst, Folsom; appointed by the Board of Governors of the California Community Colleges;

Theodore J. Saenger, San Francisco; appointed by the Trustees of the California State University; and

Harry Wugalter, Thousand Oaks; appointed by the Council for Private Postsecondary and Vocational Education.

Functions of the Commission

The Commission is charged by the Legislature and Governor to "assure the effective utilization of public postsecondary education resources, thereby eliminating waste and unnecessary duplication, and to promote diversity, innovation, and responsiveness to student and societal needs."

To this end, the Commission conducts independent reviews of matters affecting the 2,600 institutions of postsecondary education in California, including community colleges, four-year colleges, universities, and professional and occupational schools.

As an advisory planning and coordinating body, the Commission does not administer or govern any institutions, nor does it approve, authorize, or accredit any of them. Instead, it cooperates with other State agencies and non-governmental groups that perform these functions, while operating as an independent board with its own staff and its own specific duties of evaluation, coordination, and planning.

Operation of the Commission

The Commission holds regular meetings throughout the year at which it debates and takes action on staff studies and takes positions on proposed legislation affecting education beyond the high school in California. By law, its meetings are open to the public. Requests to speak at a meeting may be made by writing the Commission in advance or by submitting a request before the start of the meeting.

The Commission's day-to-day work is carried out by its staff in Sacramento, under the guidance of its executive director, Kenneth B. O'Brien, who is appointed by the Commission.

The Commission publishes and distributes without charge some 30 to 40 reports each year on major issues confronting California postsecondary education. Recent reports are listed on the back cover.

Further information about the Commission, its meetings, its staff, and its publications may be obtained from the Commission offices at 1020 Twelfth Street, Third Floor, Sacramento, CA 98514-3985; telephone (916) 445-7933.

ANALYSIS OF THE 1991-92 GOVERNOR'S BUDGET

California Postsecondary Education Commission Report 91-3

ONE of a series of reports published by the Commission as part of its planning and coordinating responsibilities. Additional copies may be obtained without charge from the Publications Office, California Postsecondary Education Commission, Third Floor, 1020 Twelfth Street, Sacramento, California 95814-3985.

Recent reports of the Commission include:

90-22 Second Progress Report on the Effectiveness of Intersegmental Student Preparation Programs: The Second of Three Reports to the Legislature in Response to Item 6420-0011-001 of the 1988-89 Budget Act (October 1990)

90-23 Student Profiles, 1990: The First in a Series of Annual Factbooks About Student Participation in California Higher Education (October 1990)

90-24 Fiscal Profiles, 1990: The First in a Series of Factbooks About the Financing of California Higher Education (October 1990)

90-25 Public Testimony Regarding Preliminary Draft Regulations to Implement the Private Postsecondary and Vocational Education Reform Act of 1989: A Report in Response to Assembly Bill 1993 (Chapter 1324, Statutes of 1989) (October 1990)

90-26 Legislation Affecting Higher Education During the Second Year of the 1989-90 Session: A Staff Report of the California Postsecondary Education Commission (October 1990)

90-27 Legislative Priorities of the Commission, 1991: A Report of the California Postsecondary Education Commission (December 1990)

90-28 State Budget Priorities of the Commission, 1991: A Report of the California Postsecondary Education Commission (December 1990)

90-29 Shortening Time to the Doctoral Degree: A Report to the Legislature and the University of California in Response to Senate Concurrent Resolution 66 (Resolution Chapter 174, Statutes of 1989) (December 1990)

90-30 Transfer and Articulation in the 1990s: California in the Larger Picture (December 1990)

90-31 Preliminary Draft Regulations for Chapter 3 of Part 59 of the Education Code, Prepared by the California Postsecondary Education Commission for Consideration by the Council for Private Postsecondary and Vocational Education. (December 1990)

90-32 Statement of Reasons for Preliminary Draft Regulations for Chapter 3 of Part 59 of the Education Code, Prepared by the California Postsecondary Education Commission for the Council for Private Postsecondary and Vocational Education. (December 1990)

91-1 Library Space Standards at the California State University: A Report to the Legislature in Response to Supplemental Language to the 1990-91 State Budget (January 1991)

91-2 Progress on the Commission's Study of the California State University's Administration: A Report to the Governor and Legislature in Response to Supplemental Report Language of the 1990 Budget Act (January 1991)

91-3 Analysis of the 1991-92 Governor's Budget: A Staff Report to the California Postsecondary Education Commission (March 1991)

91-4 Composition of the Staff in California's Public Colleges and Universities from 1977 to 1989: The Sixth in the Commission's Series of Biennial Reports on Equal Employment Opportunity in California's Public Colleges and Universities (April 1991)

91-5 Status Report on Human Corps Activities, 1991: The Fourth in a Series of Five Annual Reports to the Legislature in Response to Assembly Bill 1829 (Chapter 1245, Statutes of 1987) (April 1991)

91-6 The State's Reliance on Non-Governmental Accreditation, Part Two: A Report to the Legislature in Response to Assembly Bill 1993 (Chapter 1324, Statutes of 1989) (April 1991)

91-7 State Policy on Technology for Distance Learning: Recommendations to the Legislature and the Governor in Response to Senate Bill 1202 (Chapter 1038, Statutes of 1989) (April 1991)

91-8 The Educational Equity Plan of the California Maritime Academy: A Report to the Legislature in Response to Language in the Supplemental Report of the 1990-91 Budget Act (April 1991)

91-9 The California Maritime Academy and the California State University: A Report to the Legislature and the Department of Finance in Response to Supplemental Report Language of the 1990 Budget Act (April 1991)

91-10 Faculty Salaries in California's Public Universities, 1991-92: A Report to the Legislature and Governor in Response to Senate Concurrent Resolution No. 51 (1965) (April 1991)